

# NEWSLETTER

April 2026

## CONTENTS

Latest Employment Changes .....	1
Unpaid tax – IRD and Credit Agencies .....	2
ACC Changes.....	2
Asset Purchases .....	3
Planning Ahead.....	3
Use of Money Interest and FBT Interest Rates .....	3
Year End Information.....	4
Important Tax Dates .....	4

## EASTER BREAK

Our office will be closed Friday 3rd April and re-open Wednesday 8<sup>th</sup> April

# DB CHARTERED ACCOUNTANTS LTD

In this edition, we provide insight into the Latest Employment Changes, Credit Checks, ACC Changes, Asset Purchases, How to Plan Ahead and changes to the interest rates from Inland Revenue.

## LATEST EMPLOYMENT CHANGES

Below we note some of the changes to employment law that have been made over the past few months:

**Minimum Wage** – from 1 April 2026 this increases to \$23.95 per hour (up from \$23.50). The starting out/training wage increases to \$19.16 per hour (up from \$18.80).

**KiwiSaver Changes** – from 1 April 2026 Employers and employees are now required to contribute 3.5% to KiwiSaver. Employees can apply to IRD to temporarily keep their contribution at 3%. If they do so the employer can also continue to contribute at 3%.

**Personal Grievances (1)** – there are now stronger consequences when an employee’s conduct contributed to the personal grievance. The ERA and Employment Court are now required to take this into account when considering remedies.

**Personal Grievances (2)** – where employees earn more than \$200,000 per year, they will no longer be able to bring a personal grievance for unjustified dismissal. Where a current employment agreement is in place, there is a 12-month period before the threshold will apply.

**Contractors’ vs Employees** – there is now a clearer set of criteria to determine contractor status - known as the “Gateway Test”.

This includes written agreement confirming the role as a contractor, and the contractor: is allowed to work for another person, can choose when to work, can decline additional work and has the opportunity to receive independent legal advice before signing. If any of these factors of the Gateway Test are not met, the Common Law tests relating to Intention, Control, Integration and Economic Reality will apply.

**Remuneration Disclosure (Pay Secrecy)** – from August 2025 employees are now permitted to discuss their personal pay rates with other people including other employees. An employer is not permitted to take adverse action against an employee if they become aware of a pay disclosure.

**Collective Agreement** – new employees are no longer required to automatically be on a collective agreement for the first 30 days if they have agreed to an individual employment agreement.

**Annual Leave** – proposals are currently being developed to simplify the annual leave and sick leave requirements for employees. Any changes are unlikely to be in place for another 2 years. We will cover this off in more detail at a later date.

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## UNPAID TAX – IRD AND CREDIT AGENCIES

From the end of last year IRD started sharing unpaid tax details with the credit reporting agency, Centrix. IRD is able to report unpaid tax to Centrix when:

- The debt is over \$150,000 **or** has been unpaid for a year and equals 30% or more of the company's assessable income.
- IRD has made "reasonable efforts" to collect the debt – this is satisfied when at least two automated overdue tax letters have been sent to the company, including notices sent via myIR. Direct contact with the customer, such as discussions with the company directors or tax agents, is no longer required.
- A "Notice of Intention (NoI)" has been sent to the company. This may include formal notification by electronic means (myIR) or standard post. In the past notice was required to be served on all directors. This is no longer the case.



Information shared may include income tax, GST and PAYE debt.

This action will only be taken when an instalment arrangement is not in place with the IRD.

Where taxpayers are struggling in business the IRD will generally provide some leeway and accept an instalment arrangement when the business has a plan to catch up. Where a business decides not to pay tax, the IRD now has a stronger enforcement method at its disposal.

This additional reporting by IRD provides more transparency and a complete picture when interacting with businesses who have not paid their tax.

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## ACC CHANGES

From 1 April 2026, the following ACC levy rates will increase:

For individuals, the earners' levy will rise to 1.75% (up from 1.67%). The maximum earnings threshold will also increase to \$156,641. Most people will notice a small reduction in their take-home pay.

For small to medium business owners, including the self-employed, the Work Account levy will increase, with the average rate rising to \$0.69 per \$100 of liable earnings. Actual rates will continue to vary depending on your industry classification.

The No Claims Discount is being removed from the 2027 levy year. This means levies will no longer be adjusted based on your claims history and will instead be based on your industry risk.

Interest will apply to ACC payment instalment arrangements from 1 April 2026.

Businesses can estimate their Work levy using the levy calculator available on the Accident Compensation Corporation website.

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## JOKE

A man walks into an enchanted forest and tries to cut down a talking tree. "You can't cut me down," the tree exclaims, "I'm a talking tree!" The man responds, "You may be a talking tree, but you will dialogue."

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## ASSET PURCHASES – WHEN TO UPGRADE?

As a business owner, committing to new plant and equipment or vehicles can be a significant cost. To provide some structure to making purchasing decisions, consider the following:

Payback Period, Return on Investment (ROI) and Break-Even Analysis.

As an example, let's say that a new item of plant will cost \$100,000 (less \$10,000 from sale of old plant) - resulting in a net cost of \$90,000.

The plant will be more efficient in fuel/power saving \$8,000 in costs per year.

Additionally repair and servicing costs will reduce from \$9,000 down to \$3,000 per year – an annual saving of \$6,000.

Improved output from the new plant will contribute a further \$10,000 to gross profit each year.

All up these savings/contributions will total \$24,000 per year- excluding any financing costs.

### Payback Period

Cost of Investment / Net  
Income achieved = Payback  
in Years

**Payback Period** – This calculates the time in years that it takes the savings to repay the cost. This equates to 3.75 years. Calculated as \$90,000 / \$24,000. At the end of 4 years the new plant will have effectively paid for itself.

### Return on Investment

Net Income achieved / Cost  
of Investment x 100 = %  
ROI

**Return on Investment (ROI)** - this looks at the percentage return that will be provided on the investment cost. Using the above example an annual return of \$24,000 on a net cost of \$90,000 is a ROI of 27%. If the cost to finance the asset purchase was 10% per annum, then the ROI in this case is higher/better than the interest cost.

This calculation can also be modified to account for depreciation so that the gradual reduction in the value of the plant is accounted for.

### Breakeven Analysis

Net Income achieved =  
Additional Costs incurred

**Break-Even** – this considers what the return needs to be to cover costs. If the business took out a loan for \$90,000 over a 4-year period at 10% interest, the annual loan repayment would be \$27,400 (Interest & Principal). In this example the annual savings/income increase of \$24,000 is less than the breakeven requirement. But its close! – and might be close enough to proceed.

Using the above calculations the business owner can get a feel for whether to proceed to invest in new plant – or maybe they have already made up their mind and are looking to confirm their decision making.

The above calculations can be used when considering any additional outlay for a business and useful when comparing investment options.

If you ever need to discuss business/investment decisions – get in touch.

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## PLANNING AHEAD

As a new financial year commences, we are available to discuss your plans for the upcoming year. As part of this we can assist with and prepare a financial forecast for the year ahead to enable you to monitor your progress over the next 12 months. Contact us if you are interested in this service.

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## USE OF MONEY INTEREST AND FBT INTEREST RATES


IRD Use of Money Interest (UOMI) – This rate has changed to 8.97% from the 1<sup>st</sup> of January 2026

FBT Prescribed Investor Rate – This rate has changed to 5.77% from the 1<sup>st</sup> of January 2026

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## YEAR END INFORMATION

What should be attended to and collated at the end of the financial year?



Important Information

1. **Bank Account** – When using online or other accounting software (and/or spreadsheets), ensure it reconciles to the bank statement for each bank account as at 31 March 2026. Provide us with a copy of the year end bank statements.
2. **Accounts Receivable** – Is your accounts receivable list accurate as at 31 March 2026? If you have any bad debts, ensure these are written off prior to 31 March (this is an IRD requirement).
3. **Accounts Payable** – All unpaid invoices dated 31 March and prior. We are able to claim these as expenses in the 2026 income year, even though they are not paid until April or later.
4. **Stock on Hand & Work in Progress** – Complete a stock-take and record stock and/or WIP as at 31 March 2026. If your stock as at 31 March 2026 is \$10,000 or less, you do not need to calculate a stock value – we can use the prior year figure (if your total turnover is less than \$1.3 million).
5. **Computer Reports** – If you are using an accounting package, save to PDF copies of the general ledger transaction report, trial balance, accounts receivable & accounts payable and bank reconciliation as at 31 March 2026 (and complete any required backups - especially if rolling into a new year).
6. **Asset List** – This is the time to go through your asset list from the previous year and advise us of any assets that have been sold, stolen, scrapped, destroyed or traded.
7. **Checklist** – Complete and sign the checklist. This is available on our website and should be included with your records [www.dbchartered.co.nz/pdfs](http://www.dbchartered.co.nz/pdfs)
8. **Other Information to Compile**
  - Bank interest/RWT certificates
  - Dividend statements
  - Income Protection Insurance details
  - Donation Receipts for your rebate claim
  - Details of business loan balances and annual interest paid.
  - Details of any other income received that has not been banked to your business account – including any gains from Crypto currency sales.

## JOKES

A chicken and an Easter egg walk into a bar. The bartender says, "Which of you is first?"

Why are people so tired in April? Because they just finished a 31-day March.

Knock Knock! Who's there? Hans. Hans who? Hans off my Easter eggs!

## IMPORTANT TAX DATES

- |                            |  |
|----------------------------|--|
| 7 <sup>th</sup> April 2026 | - 2025 Terminal Tax due date.  |
| 7 <sup>th</sup> May 2026   | - GST Return and Payment due. Please ensure you send through your information. |
|                            | - Provisional Tax Due – 3rd Instalment. Standard March balance date.           |
| 20 May 2026                | - April 2026 PAYE payment due.   |
| 20 June 2026               | - May 2026 PAYE payment due.   |
| 29 June 2026               | - GST Return and Payment due. (Two Monthly GST).                               |
|                            | - Provisional Tax Due – 3rd Instalment. (May balance date).                    |

### Staff Update:

We bid farewell to Elaine as she finished up with us at the end of March and Emma has now rejoined the team at DB Chartered Accountants as well as continuing her studies.

If you would like to discuss anything mentioned in our newsletter, please contact us at:

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